

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0569-01
Bill No.: HB 92
Subject: Education, Elementary and Secondary: Per Pupil Funding
Type: Original
Date: January 10, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(Unknown)	(Unknown)	(Unknown)
State School Moneys	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
School Districts	UNKNOWN	UNKNOWN	UNKNOWN

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Tax Commission** assume the proposal would result in no fiscal impact to the agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that although the cost is unknown, DESE's budget request for the formula each year takes into account the growth in the Guaranteed Tax Base; therefore, the cost for this proposal may not be significantly different from the number projected annually by DESE.

However, the amount of increase by district could change with this provision as compared to the current formula since there is a guaranteed amount even though the formula calculation indicates the district should receive a lower amount per eligible pupil. Some districts will receive more state revenue per eligible pupil with this proposal than they would following the exact formula calculation even though they may have decreased the tax rate, had increasing local property tax revenue, or some other change specific to the district. This proposal has a negative impact on the equity of the formula as it relates to both equal combined local and state revenue on a per pupil per penny of tax rate basis and equal combined local and state revenue per pupil.

<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003	FY 2004
	(10 Mo.)		

GENERAL REVENUE

<u>Cost</u> - Increased transfers to State School Moneys Fund	(Unknown)	(Unknown)	(Unknown)
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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STATE SCHOOL MONEYS FUND

<u>Income</u> - Increased transfers from General Revenue Fund	Unknown	Unknown	Unknown
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<u>Cost</u> - Distributions to School Districts	(Unknown)	(Unknown)	(Unknown)
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ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003	FY 2004
	(10 Mo.)		

SCHOOL DISTRICTS

<u>Income</u> - State Aid	Unknown	Unknown	Unknown
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ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>UNKNOWN</u>	<u>UNKNOWN</u>	<u>UNKNOWN</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

When the proration factor in the school foundation formula is no less than 1.0, the percentage increase in the amount of state school aid per eligible pupil compared to the previous year would be no less than the previous year's percentage growth in the guaranteed tax base. If the proration factor is less than 1.0, then the amount per eligible pupil would be no less than the prior year's amount per eligible pupil.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. The proposal would not affect Total State Revenue.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
State Tax Commission

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA
Director
January 10, 2001